



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

**FOR IMMEDIATE RELEASE**

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## **CALIFORNIA TREASURER PHIL ANGELIDES WARNS THAT THE GOVERNOR'S BUDGET FAILS TO RESOLVE STATE DEBT**

*Angelides Cautions That Only a Truly Balanced State Budget  
Will End the State's Structural Deficit*

SACRAMENTO, CA – California State Treasurer Phil Angelides today had the following comments on the governor's claim today that his administration is dealing with the state's ongoing debt:

"Governor Schwarzenegger has failed to confront the state's structural deficit by proposing a balanced budget. The LAO's non-partisan analysis of the Governor's May budget revision finds that it does little to address the 'significant operating deficits,' which will cause budget shortfalls of roughly \$3.5 billion in both 2007-08 and 2008-09. The LAO also forecasts that it will leave the state with \$21.6 billion in deficit borrowing at the end of 2006-07. The Legislative Analyst was right on point when she said, 'We've maxed out the credit card and need to start paying back the debt.'

"Two major bond rating agencies, Moody's and Standard & Poor's, have corroborated my warning and that of the Legislative Analyst that while state revenues have improved, California's fiscal condition will remain insecure until the state produces balanced budgets.

"California's bond rating is next to the bottom, better only than Louisiana. And in raising California's rating up a tick, both ratings agencies warned that California's rating remains low compared to other states due to its ongoing fiscal challenges, stating that the most immediate challenge is the state's stubborn structural budget gap."

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